

AMENDED IN ASSEMBLY JANUARY 25, 2010

AMENDED IN ASSEMBLY JANUARY 7, 2010

AMENDED IN ASSEMBLY JANUARY 4, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 41

Introduced by Assembly Member Solorio

December 1, 2008

An act to amend Section 926.2 of, and to add Section 926.3 to, the Insurance Code, relating to insurer investments.

LEGISLATIVE COUNSEL'S DIGEST

AB 41, as amended, Solorio. Insurance: community development investments.

Existing law requires each admitted insurer to provide information biennially to the Insurance Commissioner on all of its ~~Community Development Investments~~ *community development investments* and ~~Community Development Infrastructure Investments~~ *community development infrastructure investments*, as defined, in California. The commissioner and the Department of Insurance are required to provide certain information on these investments to the public, as specified. These provisions are to remain in effect only until January 1, 2011, and are repealed as of that date.

This bill would instead require each admitted insurer to provide information, by January 1, 2014, to the commissioner on all of its community development investments and community development infrastructure investments. The bill would also require that the information the commissioner and the department are required to provide to the public on these investments be done by May 31, 2014.

This bill would extend the date for repealing those provisions to January 1, 2015, and would state that certain insurers could meet the filing requirements relating to ~~Community Development Investments~~ *community development investments* through a specified filing. ~~This~~

This bill would also require certain insurers to develop and file with the commissioner, no later than July 1, 2011, and every 2 years thereafter, a ~~“Community Development Investment”~~ *community development investment* policy statement that expresses the insurer’s goals for ~~Community Development Investments~~ *community development investments* during the following 2-year period. The bill would require the commissioner to establish a link on its Internet Web site providing public access to each insurer’s ~~Community Development Investment~~ *community development investment* information, as specified.

This bill would delete obsolete provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) In 1996, California policymakers and insurance companies
- 4 instituted efforts to encourage investments by insurance companies
- 5 in urban and economically disadvantaged areas through the
- 6 establishment of the California Organized Investment Network
- 7 (COIN).
- 8 (b) COIN is the first-in-the-nation collaborative effort among
- 9 insurance companies, the California Department of Insurance, and
- 10 other stakeholders involved with community development
- 11 investments in traditionally underserved communities. The mission
- 12 of COIN is to provide leadership in increasing the level of
- 13 insurance industry capital in safe and sound investments providing
- 14 fair returns to investors and social benefits to underserved
- 15 communities.
- 16 (c) In 2006, the Legislature and the Governor approved
- 17 Assembly Bill 925 (Ridley-Thomas) which requires insurers to
- 18 biennially report their California community development
- 19 investments to the Department of Insurance (DOI). That legislation
- 20 also requires COIN to provide insurers with information on why

1 any investments were found not to be qualified by the Insurance
2 Commissioner (commissioner).

3 (d) The commissioner is required to biennially provide
4 information on the DOI's Internet Web site on the aggregate
5 community development investments made by insurers. The
6 commissioner is required to identify the insurers that make
7 investments that are innovative, responsive to community needs,
8 not routinely provided by insurers, or have a high degree of positive
9 impact on the economic welfare of low- or moderate-income
10 individuals, families, or communities in urban or rural California.

11 (e) California admitted insurers invest an estimated three trillion
12 dollars in various investments. Of this sum, an estimated eight
13 billion dollars have been invested in community development
14 efforts during the period 1997 to 2004, inclusive.

15 (f) In the business sector, as in government, the adoption of a
16 policy by the governing board generates momentum in the
17 organization to strive to achieve the policy. This is especially true
18 when the policy is combined with a goal and identifies the persons
19 responsible for achieving the goal.

20 (g) A 2007 survey by the DOI found that 54 of 485 responding
21 insurers have adopted a policy regarding community development
22 investments. Of these insurers, three reported that they have
23 adopted comprehensive community development investment
24 policies and eight insurers have set specific goals for community
25 development investments. These insurers have significantly
26 increased their community development investments.

27 (h) In light of the minor progress made to date without the
28 adoption of a company policy, and in recognition that insurers that
29 adopted a policy have made significant progress in increasing the
30 amount of community development investments, it is the purpose
31 of this act to encourage insurers to significantly increase the
32 number and amount of their community development investments
33 by requiring the adoption of a company policy.

34 SEC. 2. Section 926.2 of the Insurance Code is amended to
35 read:

36 926.2. (a) (1) Each insurer admitted in California shall provide
37 information ~~biennially~~, by *January 1, 2014*, to the commissioner
38 on all of its Community Development Investments and Community
39 Development Infrastructure Investments in California. This
40 information shall be provided as part of the required filing pursuant

1 to Section 900 or Section 11131, or through a data call, or by other
2 means as determined by the commissioner. COIN shall provide
3 insurers with information on why investments, if any, were found
4 not to be qualified by the commissioner.

5 (2) Nothing in this subdivision shall preclude an insurer that is
6 a member of an insurance holding company system as defined in
7 Article 4.7 (commencing with Section 1215) of Chapter 2, from
8 complying with paragraph (1) through a single filing on behalf of
9 the entire group of affiliated companies, provided that the data so
10 filed accurately reflects the investments made by each of the
11 affiliates, and accurately attributes, by National Association of
12 Insurance Commissioners (NAIC) number or other identifier
13 required by the commissioner, which of the investments were made
14 by each affiliated company.

15 (3) Nothing in this subdivision shall preclude an insurer from
16 satisfying the requirements of paragraph (1) through a filing made
17 by a Community Development Financial Institution, provided all
18 of the following conditions are met:

19 (A) The insurer has no less than a 10 percent ownership interest
20 in a COIN-certified Community Development Financial Institution.

21 (B) The insurer makes Community Development Investments
22 in and through the Community Development Financial Institution.

23 (C) The Community Development Financial Institution
24 accurately files the information required by paragraph (1) with the
25 commissioner on behalf of the insurer and accurately attributes,
26 by NAIC number or other identifier required by the commissioner,
27 which investments, including the dollar amounts of the investments,
28 were made by each insurer on whose behalf the Community
29 Development Financial Institution is reporting.

30 (b) The commissioner shall ~~biennially~~, *by May 31, 2014*, provide
31 information on the department's Internet Web site on the aggregate
32 insurer Community Development Investments and Community
33 Development Infrastructure Investments. Insurers that make
34 investments that are innovative, responsive to community needs,
35 not routinely provided by insurers, or have a high degree of positive
36 impact on the economic welfare of low- or moderate-income
37 individuals, families, or communities in urban or rural California
38 shall be identified.

39 (c) The department shall also ~~biennially~~, *by May 31, 2014*,
40 provide information on the department's Internet Web site

1 regarding the aggregate amount of California public debt (including
2 all debt issued by the State of California or a California state or
3 local government agency) purchased by insurers as reported to the
4 department in their NAIC annual statement filing pursuant to
5 Section 900 or Section 11131.

6 (d) The department shall also ~~biennially~~, *by May 31, 2014*,
7 provide on its Internet Web site the aggregate amount of identified
8 California investments, as reported to the NAIC in the annual
9 statement filed pursuant to Section 900 or Section 11131.

10 ~~(e) The first report under this article shall be filed with the~~
11 ~~commissioner by May 31, 2007.~~

12 ~~(f) Insurers that did not comply with the voluntary community~~
13 ~~investment data call issued by the commissioner in May 2005 shall~~
14 ~~provide the information requested therein to the commissioner on~~
15 ~~or before February 28, 2007.~~

16 ~~(g)~~

17 (e) This article shall remain in effect only until January 1, 2015,
18 and as of that date is repealed, unless a later enacted statute, that
19 is enacted before January 1, 2015, deletes or extends that date.

20 SEC. 3. Section 926.3 is added to the Insurance Code, to read:

21 926.3. (a) It is the policy of the State of California that (1)
22 insurers should, where practicable, be supportive of Community
23 Development Investments, and insurers should be encouraged to
24 invest in prudent ~~community development investments~~ *Community*
25 *Development Investments* that benefit California and California's
26 low- and moderate-income communities; (2) every admitted insurer
27 that writes a substantial amount of insurance in the state should
28 consider Community Development Investments; and (3) the
29 California Organized Investment Network is a part of the
30 department, and has the responsibility to pursue active measures
31 to encourage community development investing by admitted
32 insurers.

33 (b) Each insurer admitted in California that writes premiums in
34 California equal to or in excess of one hundred million dollars
35 (\$100,000,000) annually shall develop, and file with the
36 commissioner no later than July 1, 2011, and every two years
37 thereafter, a "Community Development Investment" policy
38 statement that expresses the insurer's goals for Community
39 Development Investments during the current and following
40 calendar year. These filings shall be public information. However,

1 the initial policy statement filed with the commissioner will satisfy
2 the requirement of this subdivision if the insurer's policy statement
3 has not changed and the insurer informs the commissioner of that
4 fact at least once every two years. For purposes of this subdivision,
5 "policy statement" means a statement of principle intended to
6 influence a decision or action. The policy statement may include
7 general goals or specific investment goals, but is not required to
8 contain specific investment goals or thresholds.

9 (c) The commissioner shall establish a link on its Internet Web
10 site that provides access to the public of the contents of each insurer
11 policy statement and the data on Community Development
12 Investments made by each insurer pursuant to subdivision (b).

13 SEC. 4. Nothing in Article 10.1 (commencing with Section
14 926.1) of Chapter 1 of Part 2 of Division 1 of the Insurance Code
15 shall limit the authority of the Insurance Commissioner to ask for
16 data concerning Community Development Investments on a
17 voluntary basis on or after January 1, 2015, if that article is not
18 extended beyond that date.